

February 20, 2013

PRIVILEGED AND CONFIDENTIAL COMMUNICATION
SETTLEMENT PROPOSAL IN MEDIATION

VIA E-MAIL

Mr. Frederick J. Murphy, Jr.
Boswell & Dunlap, LLP
P.O. Drawer 30
Bartow, Florida 33830

Re: Agreement for Sale and Purchase of Real Property effective as of March 17, 2011 by and between The City of Winter Haven (the "City") and Landings WH Partners ("Landings Partners"), LLC and as amended (the "Agreement")

Dear John:

As we have discussed, the time is now to resolve this dispute. Once litigation ensues, it will be difficult for us to accept any compromise. We are confident that the City breached the Agreement by its termination letter. The City has now repudiated its lawful obligations under the Agreement. We are also confident that we will be able to show that the City wrongfully induced Landings Partners to amend the Agreement and later to forbear from performing under the Agreement, only to use that forbearance against it. We no longer believe that the City has any intentions of satisfying its obligations or promises. In short, Landings Partners was misled.

The situation we are in results directly from the City's failure to be able to deliver clean title to Landings Partners (by failing to find a replacement facility for the baseball fields and failing to develop a viable relocation plan for the City amenities) and from the City's misrepresentations to Landings Partners about its ability to perform under the Agreement and why the City wished to delay the performance of the Agreement. Please also know that our client and its member, Taylor Pursell, have been repeatedly characterized falsely by the City to the public. The scorched earth strategy undertaken by the City has undermined any trust we had left in the City and, more importantly, undermined our client's ability to work on this project with the City in the future. All of this conduct has led to substantial damages for our client.

We believe that we have an opportunity to settle our differences under our mediation arrangement, which expires March 25, 2013. If we do not make substantial progress toward settlement in the next several days, our litigation team is prepared to file a complaint against the City, which will contain, among other claims, the following:

1. Breach of Contract for wrongful termination of the Agreement by the City.

In the City's purported "termination" letter, the City cited the failure by Landings Partners to purchase the .33 acre parcel and the failure to submit a Declaration of Covenants as its basis for termination. The City had formerly agreed to extensions of these requirements by Landings Partners under the Agreement on August 20, 2012, in exchange for the agreement by Landings Partners to execute Amendment 4-A. Landings Partners was therefore not in breach. We are confident that Landings Partners will prevail on this count, likely on summary judgment, and under the attorney's fee provision of the Agreement, the City will be required to pay the attorneys fees of Landings Partners in enforcing its rights under the Agreement for wrongful termination and specific performance.

2. Breach of Contract for the City's failure to perform under the Agreement.

Because the City has not performed its obligations under the Agreement, including its obligations to move the ball fields and to develop a viable relocation plan for the City amenities (each of which is critical for the City to deliver clean title to Landings Partners), Landings Partners maintains a valid breach of contract claim against the City. Landings Partners will seek specific performance of each of the City's obligations under the Agreement. We believe that the City has no intention to perform under the Agreement and cannot politically or financially afford to move the amenities to a new site. Therefore, Landings Partners would be entitled to money damages. We would claim damages for all benefits for which our client bargained, including lost profits in the project, which profits have been projected by competent third parties to be in the \$15-19 million range.

3. Fraudulent Inducement by the City in its dealings to entice Landings Partners to amend the Agreement and forbear from performance.

It is clear now to Landings Partners that, once the City learned of the estimated cost of replacing the City amenities, the City never intended to follow through with the relocation of the baseball fields or the City amenities. The City repeatedly misrepresented to Landings Partners the intention of the City to move the baseball fields and the City amenities. Landings Partners relied to its detriment on these misrepresentations in incurring substantial development costs, when all the while the City had no intention of fulfilling its obligations under the Agreement (and actively concealed these intentions). We feel strongly that Landings Partners has bona fide claims for fraud against the City, and under Florida law, is entitled to the full benefit of its bargain as a result of this wrongful conduct, including without limitation lost profits. We can be sure that the claims will survive any summary judgment and will be considered by the jury. Discovery will be expensive and time consuming. It is likely after we have been produced all of the relevant e-mail and other correspondence concerning the project and taken all of the depositions to which we will be entitled, there will be evidence of intentional and willful misconduct warranting significant extra-contractual damages (which under Florida law will include out of pocket damages and lost profits). Under no circumstances will the \$100,000 contractual limitation shield the City.

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Proposal for Settlement.

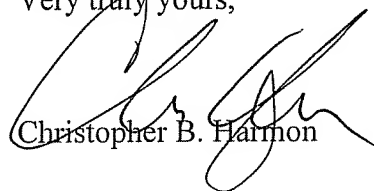
In determining a settlement proposal, our client has put a great deal of thought into this matter and has reviewed the time and effort put into this project by Taylor Pursell and others, along with actual out-of-pocket expenses incurred by Landings Partners from the inception of this project to date. Landings Partners agrees to release all claims against the City and to terminate the Agreement in exchange for the following:

1. A cash payment in the amount of \$3,750,000, plus the attorney's fees expended by Landings Partners in enforcing its rights under the Agreement. In exchange for this payment, Landings Partners will provide the City with the deliverables described on Exhibit A attached hereto, that can be used by the City for future development of the Landings site;
2. The City will release all claims against Landings Partners and all individuals involved with Landings Partners on the project; and
3. The City will issue a public statement stating that Landings Partners has met all of its obligations under the Agreement to date and has provided several accommodations to the City with regards to the City's obligations under the Agreement to date, specifically exonerating Taylor Pursell of any wrongdoing.

We request a response to this proposal from the City by February 28, 2013 in order to demonstrate that the City is negotiating in good faith under our mediation arrangement. The City has provided no legitimate proposals for settlement to date, and we therefore request acceptance of the proposal in this letter or a counter-proposal by such date. If there is no response to this letter by February 28, 2013, Landings Partners will request that our mediation arrangement be terminated.

I am happy to discuss these matters with you at your convenience.

Very truly yours,



Christopher B. Harmon

CBH/fs

Enclosure

cc: Taylor Pursell
James R. Bussian

MAYNARD COOPER
& GALE PC
ATTORNEYS AT LAW

EXHIBIT A

Detail of Deliverables

<u>Deliverables</u>	<u>Value</u>
Planning and Zoning – Landings Partners	50,000
Establishment of Brownfield Area – Landings Partners	25,000
PUD Completed with Design Criteria	50,000
Boundary Survey - Pickett	30,000
Topo Survey - Pickett	40,000
Geotech Reports - Devo	120,000
Environmental I & II - Golden	40,000
Traffic Studies – Sans Lassiter	135,000
Civil Engineering (Phase II and Master) - Carter	200,000
Signal Designs – Sans Lassiter/Carter	30,000
Landings Boulevard – Private Road – Tucker Construction	300,000
Utility Tie-In to Cypress Gardens - Tucker	50,000
TECO Upgraded Power	30,000
US 17 Signal Warrant Study – Sans Lassiter	30,000
Landscape Design – William Johnson	25,000
Site Plans & Concepts – Baker Barrios	140,000
TOTAL	<u>\$1,295,000*</u>

Other Deliverables

Increased land values created by Landings Partners directly related to developed retail restaurants (Chic-fil-A, Starbucks, Panera) and establishment of real estate entitlements (re-zoning, PUD, Brownfield, waiver of impact fees, etc.).

Value to be
Determined

* Does not include all soft costs of Landings Partners incurred to date (including legal costs, developer fees and expenses, and other costs).